



Huhtamäki Oyj Results 2020

January 1-December 31, 2020

Huhtamäki

Huhtamäki Oyj's January 1–December 31, 2020

Solid performance despite COVID-19 pandemic

Q4 2020 in brief

- Net sales decreased 7% to EUR 813 million (EUR 875 million)
- Adjusted EBIT was EUR 73 million (EUR 75 million); reported EBIT was EUR 48 million (EUR 72 million)
- Adjusted EPS was EUR 0.48 (EUR 0.48); reported EPS was EUR 0.30 (EUR 0.46)
- Comparable net sales growth was -2% at Group level and -7% in emerging markets
- The impact of currency movements was EUR -52 million on the Group's net sales and EUR -5 million on EBIT

Q1-Q4 2020 in brief

- Net sales decreased 3% to EUR 3,302 million (EUR 3,399 million)
- Adjusted EBIT was EUR 302 million (EUR 293 million); reported EBIT was EUR 265 million (EUR 286 million)
- Adjusted EPS was EUR 1.95 (EUR 1.88) reported EPS was EUR 1.69 (EUR 1.82)
- Comparable net sales growth was -2% at Group level and -6% in emerging markets
- The impact of currency movements was EUR -89 million on the Group's net sales and EUR -8 million on EBIT
- Capital expenditure was EUR 223 million (EUR 204 million)
- Free cash flow was EUR 207 million (EUR 226 million)
- The Board of Directors proposes a dividend of EUR 0.92 (0.89) per share

Key figures

EUR million	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	812.8	874.6	-7%	3,301.8	3,399.0	-3%
Comparable net sales growth	-2%	5%		-2%	6%	
Adjusted EBITDA ¹	116.8	117.3	-0%	473.1	456.3	4%
Margin ¹	14.4%	13.4%		14.3%	13.4%	
EBITDA	101.4	115.0	-12%	464.5	448.8	4%
Adjusted EBIT ²	72.8	74.7	-2%	302.1	293.1	3%
Margin ²	9.0%	8.5%		9.1%	8.6%	
EBIT	47.9	72.3	-34%	265.3	285.5	-7%
Adjusted EPS ³	0.48	0.48	1%	1.95	1.88	4%
EPS, EUR	0.30	0.46	-36%	1.69	1.82	-7%
Adjusted ROI ²				11.7%	12.3%	
Adjusted ROE ³				14.8%	15.2%	
ROI				10.3%	11.9%	
ROE				12.9%	14.8%	
Capital expenditure	103.2	71.0	45%	223.5	203.9	10%
Free Cash Flow	57.5	108.7	-47%	207.1	225.8	-8%
¹ Excluding IAC of	-15.4	-2.3		-8.6	-7.6	
² Excluding IAC of	-24.9	-2.3		-36.8	-7.6	
³ Excluding IAC of	-19.3	-1.8		-26.2	-5.9	

Unless otherwise stated, all comparisons in this report are compared to the corresponding period in 2019. Figures of return on investment (ROI), return on equity (ROE) and return on net assets (RONA) as well as net debt to EBITDA presented in this report are calculated on a 12-month rolling basis.

The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

Charles Héaulmé, President and CEO

"The year 2020 was marked by the COVID-19 pandemic. Throughout the crisis our primary focus has been to safeguard the health, safety and wellbeing of our employees and to ensure business continuity under these exceptional circumstances. Despite the challenging operational environment, with COVID-19 impact on markets across the world, we delivered a solid performance overall. This reflects the resilience of our diversified portfolio and the ability of our company to manage challenging conditions.

Pandemic-driven restrictions and lockdowns had a negative impact on demand for food on-the-go products globally, but conversely drove higher consumption of food on-the-shelf products. The decline of in-restaurant dining was partly compensated by the fast-growing food delivery and take-away channels. In particular, our foodservice business was impacted negatively, whilst increased in-home consumption supported growth in consumer goods. In North America, in-home dining further boosted the underlying growth of the retail tableware products. In our Flexible Packaging segment, overall demand remained good across most markets. However, pandemic-driven supply chain disruptions did impact the demand and the ability to serve the market, particularly in India and Middle East during in the second quarter of the year. Demand in the Fiber Packaging segment remained strong throughout the year, mainly driven by high demand for egg packaging and continued plastic substitution.

Our net sales amounted to EUR 3.3 billion for the full year. Comparable net sales growth was -2% during the fourth quarter. In 2020, our profitability was supported by a favorable sales mix, beneficial cost environment and continued focus on operational efficiency. The adjusted EBIT margin increased by 0.5 p.p. to 9.0% in the fourth quarter and to 9.1% for the full year. During 2020, the company focused on preparing for a post-COVID-19 world, including actions to improve competitiveness and investments in expansion and automation. Our balance sheet remains strong and we are well placed to invest in future growth through both organic investments and acquisitions.

The year 2020 was also the opportunity for us to celebrate Huhtamaki's 100th anniversary. The celebrations were held in November with a series of virtual stakeholder events during "Founder's week". We introduced our new 2030 strategy and laid out high sustainability ambitions for this decade. Our focus is on creating value by delivering growth, improving competitiveness, developing talent while embedding sustainability in everything we do. Our ambition is to be the first choice in sustainable food packaging solutions. We have raised our external engagement through sustainability thought leadership initiatives and the deployment of local activities contributing to lowering the carbon footprint of our operations, such as increasing our use of renewable energy.

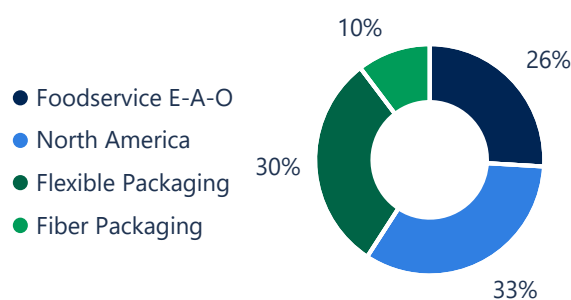
Throughout what proved to be a challenging year, we adapted to meet the transformative trends affecting our industry and responded to the challenges brought on by the pandemic. I am particularly proud of our entire team for taking proactive and focused actions, showing resilience in the face of COVID-19 and embarking on our journey to our 2030 Strategy."

Financial review Q4 2020

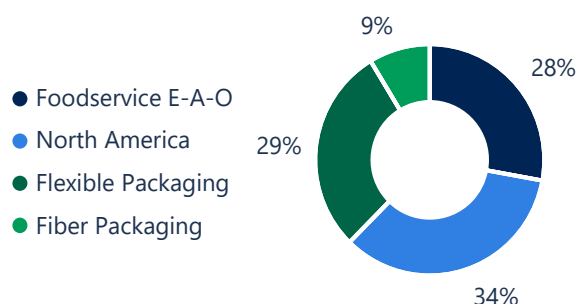
Net sales by business segment

EUR million	Q4 2020	Q4 2019	Change
Foodservice Europe-Asia-Oceania	213.5	245.3	-13%
North America	274.0	303.6	-10%
Flexible Packaging	250.8	255.1	-2%
Fiber Packaging	85.4	76.1	12%
Elimination of internal sales	-10.8	-5.5	
Group	812.8	874.6	-7%

Net sales by segment, Q4 2020



Net sales by segment, Q4 2019



Comparable net sales growth by business segment

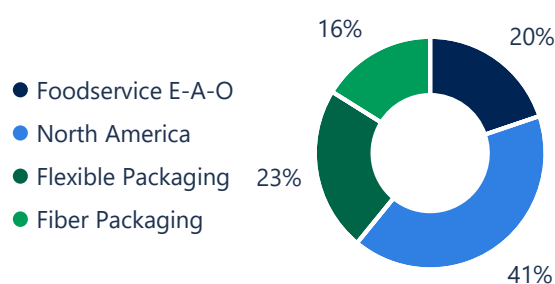
	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Foodservice Europe-Asia-Oceania	-7%	-1%	-28%	-4%	4%
North America	-2%	4%	-5%	9%	6%
Flexible Packaging	0%	1%	2%	2%	3%
Fiber Packaging	8%	7%	10%	9%	8%
Group	-2%	2%	-8%	3%	5%

The Group's net sales decreased 7% to EUR 813 million (EUR 875 million) during the quarter. Comparable net sales growth was -2%. Net sales decreased mainly due to lower demand for foodservice packaging, following the impact of COVID-19. Solid demand continued for food on-the-shelf products. Growth was strong in the Fiber Packaging segment, following COVID-19 driven boost in the in-house consumption trend. Strong demand continued in retail tableware in North America, however sales were limited by a lower-than-normal available inventory following the strong demand in the previous quarter. The Group's growth in emerging markets was -7%. Foreign currency translation impact on the Group's net sales was EUR -52 million (EUR 23 million) compared to 2019 exchange rates.

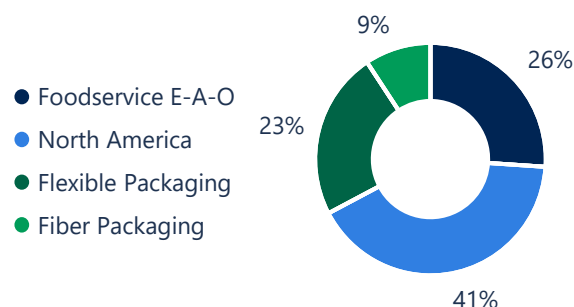
Adjusted EBIT by business segment

EUR million	Q4 2020	Q4 2019	Change	Items affecting comparability	
				Q4 2020	Q4 2019
Foodservice Europe-Asia-Oceania	15.5	20.9	-26%	-10.5	-0.2
North America	32.2	33.1	-3%	0.1	-0.1
Flexible Packaging	17.9	18.8	-5%	-0.5	-0.6
Fiber Packaging	12.7	7.5	70%	-3.5	-0.2
Other activities	-5.5	-5.6		-10.5	-1.2
Group	72.8	74.7	-2%	-24.9	-2.3

Adjusted EBIT by segment, Q4 2020



Adjusted EBIT by segment, Q4 2019



Adjusted EBIT margin by business segment

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Foodservice Europe-Asia-Oceania	7.3%	9.4%	3.7%	8.0%	8.5%
North America	11.8%	12.7%	12.8%	10.6%	10.9%
Flexible Packaging	7.2%	8.5%	7.3%	7.7%	7.4%
Fiber Packaging	14.8%	11.1%	11.2%	11.0%	9.8%
Group	9.0%	10.1%	8.8%	8.7%	8.5%

The Group's adjusted EBIT decreased to EUR 73 million (EUR 75 million) and reported EBIT was EUR 48 million (EUR 72 million). The decrease in earnings was primarily due to lower demand in the Foodservice Europe-Asia-Oceania segment, following the impact of COVID-19. The Group's adjusted EBIT margin improved and was 9.0% (8.5%). The adjusted EBIT margin improved following favorable sales mix, beneficial cost environment and continued focus on operational efficiency. Foreign currency translation impact on the Group's earnings was EUR -5 million (EUR 2 million).

Adjusted EBIT excludes EUR -24.9 million (EUR -2.3 million) of items affecting comparability (IAC).

Adjusted EBIT and IAC

EUR million	Q4 2020	Q4 2019
Adjusted EBIT	72.8	74.7
Acquisitions	-0.4	-1.0
Restructuring costs including write-downs of related assets	-14.0	-
Settlement of industrial dispute	-10.5	-
Environmental provision	-	-1.0
Losses from property damage incidents	-	-0.3
EBIT	47.9	72.3

Net financial expenses were EUR 6 million (EUR 6 million). Tax expense was EUR 9 million (EUR 15 million). Profit for the fourth quarter was EUR 32 million (EUR 51 million). Adjusted earnings per share (EPS) was EUR 0.48 (EUR 0.48) and reported EPS EUR 0.30 (EUR 0.46). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR -19.3 million (EUR -1.8 million) of IAC.

Adjusted profit and IAC

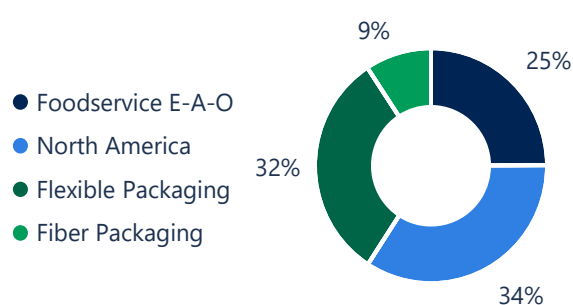
EUR million	Q4 2020	Q4 2019
Adjusted profit for the period attributable to equity holders of the parent company	50.4	50.0
IAC in EBIT	-24.9	-2.3
IAC in Financial items (related to reversal of contingent consideration related to acquisition)	-	-
Taxes relating to IAC	5.6	0.5
Profit for the period attributable to equity holders of the parent company	31.0	48.2

Financial review 2020

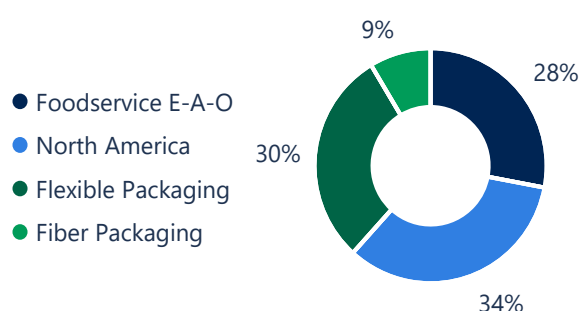
Net sales by business segment

EUR million	2020	2019	Change
Foodservice Europe-Asia-Oceania	829.1	956.7	-13%
North America	1,138.9	1,152.7	-1%
Flexible Packaging	1,050.8	1,016.4	3%
Fiber Packaging	307.8	293.4	5%
Elimination of internal sales	-24.8	-20.2	
Group	3,301.8	3,399.0	-3%

Net sales by segment, 2020



Net sales by segment, 2019



Comparable net sales growth by business segment

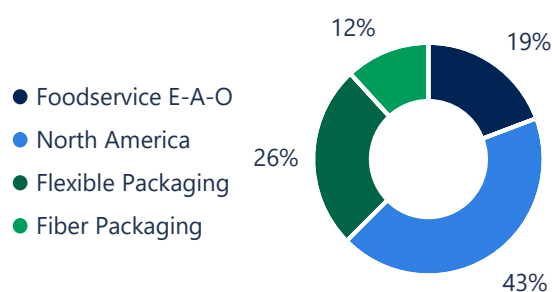
	2020	2019	2018
Foodservice Europe-Asia-Oceania	-10%	4%	4%
North America	1%	9%	5%
Flexible Packaging	1%	3%	7%
Fiber Packaging	9%	6%	4%
Group	-2%	6%	5%

The Group's net sales decreased 3% to EUR 3,302 million (EUR 3,399 million) during the reporting period. Comparable net sales growth was -2%. Net sales decreased especially in the Foodservice Europe-Asia-Oceania segment, following the impact of COVID-19. The Group's growth in emerging markets was -6%. Foreign currency translation impact on the Group's net sales was EUR -89 million (EUR 90 million) compared to 2019 exchange rates.

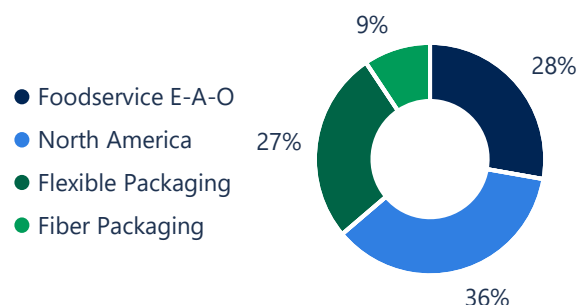
Adjusted EBIT by business segment

EUR million	2020	2019	Change	Items affecting comparability	
				2020	2019
Foodservice Europe-Asia-Oceania	60.9	85.7	-29%	-30.0	-0.5
North America	136.6	111.4	23%	-6.5	-3.1
Flexible Packaging	80.7	82.6	-2%	-6.2	-0.7
Fiber Packaging	37.4	29.0	29%	-5.2	-1.2
Other activities	-13.5	-15.6		11.0	-2.0
Group	302.1	293.1	3%	-36.8	-7.6

Adjusted EBIT by segment, 2020



Adjusted EBIT by segment, 2019



Adjusted EBIT margin by business segment

	2020	2019	2018
Foodservice Europe-Asia-Oceania	7.3%	9.0%	8.7%
North America	12.0%	9.7%	7.3%
Flexible Packaging	7.7%	8.1%	7.1%
Fiber Packaging	12.2%	9.9%	11.0%
Group Total	9.1%	8.6%	8.1%

The Group's adjusted EBIT increased to EUR 302 million (EUR 293 million) and reported EBIT was EUR 265 million (EUR 286 million). The increase in earnings was supported by the North America and Fiber Packaging segments. The Group's adjusted EBIT margin improved and was 9.1% (8.6%). Foreign currency translation impact on the Group's earnings was EUR -8 million (EUR 8 million).

Adjusted EBIT excludes EUR -36.8 million (EUR -7.6 million) of items affecting comparability (IAC).

Adjusted EBIT and IAC

EUR million	2020	2019
Adjusted EBIT	302.1	293.1
Acquisitions	-1.0	-2.2
Restructuring costs including write-downs of related assets	-47.6	-
Settlement of industrial dispute	-10.5	-
One-time gain from acquisition of Laminor	22.4	-
Environmental provision	-	-1.0
Losses from property damage incidents	-	-4.3
EBIT	265.3	285.5

Net financial expenses were EUR 28 million (EUR 29 million). Tax expense was EUR 53 million (EUR 58 million). The corresponding tax rate was 23% (23%). Profit for the period was EUR 184 million (EUR 199 million). Adjusted earnings per share (EPS) were EUR 1.95 (EUR 1.88) and reported EPS EUR 1.69 (EUR 1.82). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR -26.2 million (EUR -5.9 million) of IAC.

Adjusted profit and IAC

EUR million	2020	2019
Adjusted profit for the period attributable to equity holders of the parent company	203.0	196.0
IAC in EBIT	-36.8	-7.6
IAC in Financial items (related to reversal of contingent consideration related to acquisition)	3.0	-
Taxes relating to IAC	7.6	1.7
Profit for the period attributable to equity holders of the parent company	176.8	190.1

Statement of financial position and cash flow

The Group's net debt decreased and was EUR 867 million (EUR 904 million) at the end of December. The level of net debt corresponds to a gearing ratio of 0.64 (0.63). Net debt to adjusted EBITDA ratio (excluding IAC) was 1.8 (2.0). Average maturity of external committed credit facilities and loans was 2.7 years (3.4 years).

On June 26, 2020, a signing of a EUR 150 million freely transferable loan agreement (Schuldschein) was announced. The loan is divided into two floating rate and two fixed rate tranches with maturities of 3 and 5 years. The funds, which were received in July, will be used for refinancing and general corporate purposes of the Group.

Cash and cash equivalents were EUR 315 million (EUR 199 million) at the end of December and the Group had EUR 310 million (EUR 302 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 3,596 million (EUR 3,611 million).

Capital expenditure was EUR 223 million (EUR 204 million). The largest investments for business expansion were made in the U.S., the UK and Germany. The Group's free cash flow was EUR 207 million (EUR 226 million).

Impact of COVID-19

As a global leader in food-on-the go and food-on-the-shelf packaging, Huhtamaki is an integral part of the supply chain making food safe, convenient and available to everyone in the world. Huhtamaki's customers are essential in ensuring the supply and access to food products for consumers worldwide. Packaging promotes hygiene and prevents spread of disease. It keeps food safe, prevents spoilage, preserves the food's original properties and helps in avoiding food waste. Huhtamaki's diversified portfolio of food on-the-go and food on-the-shelf packaging has been providing resilience from the impact of COVID-19.

Within food on-the-go packaging, foodservice sales have been affected by closures of quick-service restaurants, restrictions on movement and less large events. As people have stayed at home more, demand for food delivery has increased. However, this increase in demand has not compensated the decline of in-store restaurant sales. Demand for food on-the-shelf packaging, constituting of mainly flexible packaging and fiber packaging, has remained resilient to the effects of COVID-19. The impact on retail business and consumer goods products has been limited.

The impact of COVID-19 on the Foodservice Europe-Asia-Oceania segment has been significantly negative during the reporting period. It has also negatively impacted foodservice products in the North American segment. In India, strict restrictions following COVID-19 impacted the supply chain during the reporting period, and in United Arab Emirates some factories have been temporarily shut down due to local restrictions. These have negatively impacted net sales in the Flexible Packaging segment. Increased in-house consumption following COVID-19 has increased net sales in the Fiber Packaging segment. The overall impact from COVID-19 on net sales has varied in accordance with the level of restrictions throughout the year. Huhtamaki has a healthy balance sheet and its financial position is strong. This has enabled the company to continue with investments in growth, innovation and efficiency activities all of which are key for its future success.

To manage the impact of COVID-19, Huhtamaki has implemented a phased approach. In the first phase, the crisis was managed daily at a global and unit level. The focus during this phase was to protect the employees, through increased hygiene procedures, and to protect business continuity through contingency plans. In the second phase, the company's cash position was managed daily and effectively. This included increased focus on cost management and prioritization of investments. During this phase, the company also focused on its competitiveness to prepare itself for the post COVID-19 time. Currently, in the third phase, the company is focused on defining the opportunities that will unfold from the crisis. This includes among others generating innovation and identifying immediate opportunities and long-term shifts in our operating environment.

As food packaging is essential, Huhtamaki has also been conscious about its role as a corporate citizen. The company has played an active part in making a difference in where it matters the most. For example, during 2020 Huhtamaki donated EUR 0.5 million to the International Red Cross, made product donations to ensure food hygiene and food safety, started production of high-quality protective face shields for health care workers, and launched a range of reusable face masks, called Huhta Mask, for consumers.

Acquisitions and divestments

On September 30, 2019, Huhtamaki announced its agreement to acquire the assets and operations of Mohan Mutha Polytech Private Limited (MMPPL), a privately-owned flexible packaging manufacturer located in Sri City, Andhra Pradesh, India. The acquisition allows Huhtamaki to speed up its growth in India by improving its capability to serve the customers in South India. MMPPL has approximately 160 employees and its net sales in 2018 were approximately EUR 9 million. The debt-free purchase price was approximately EUR 10 million. The acquisition was completed on January 10, 2020 and since then the business has reported as part of the Flexible Packaging business segment.

On December 23, 2019, Huhtamaki announced its agreement to acquire full ownership of its joint venture company Laminor S.A. in Brazil. Laminor is specialized in high-quality tube laminates, particularly for oral care applications, and was set up in 2002 as a 50/50 joint venture together with Bemis Company, which is now part of Amcor. The acquisition

enables Huhtamaki to expand its tube laminate business, an important part of the Group's flexible packaging offering. Laminor has approximately 130 employees and its net sales in 2018 were approximately EUR 25 million. The additional shares were acquired at a price of approximately EUR 28 million and the acquisition was completed on March 31, 2020. The business has been consolidated as a subsidiary in the Group's financial reporting and it has been reported as part of the Flexible Packaging business segment as of April 1, 2020. As a result of the transaction, a gain from the difference between remeasured interest according to the purchase price and previously held equity interest of approximately EUR 22 million has been recognized in the income statement as item affecting comparability in Q1-Q4 2020 financial results.

Significant events during the reporting period

On March 23, 2020, Huhtamaki announced its long-term 2030 strategy in order to maintain its growth trajectory and meet future transformative trends. Going forward, Huhtamaki will focus on growth, competitiveness, talent and sustainability. The company's ambition is to become the first choice in sustainable food packaging. Huhtamaki also outlined its long-term financial ambitions and introduced its new 2030 sustainability ambitions. The strategy emphasizes strong core values: Care, Dare, Deliver. In line with its renewed strategy, the company decided to integrate its Foodservice Europe-Asia-Oceania and Fiber Packaging business segments. The segments will continue to be reported separately. Eric Le Lay will continue as President for the combined Fiber and Foodservice EAO (Europe-Asia-Oceania) segment. This change became effective as of June 1, 2020.

On March 26, 2020, Huhtamaki announced that it has decided to withdraw its outlook for 2020 (published on February 13, 2020) due to the unprecedented and accelerated situation caused by the COVID-19 and its impact on the Group's trading conditions. It was announced that the company will provide a new outlook when impacts of the changing business environment on its trading conditions in 2020 can be assessed in a reliable manner. Huhtamaki announced a new outlook for 2020 on July 23, 2020, in conjunction with its Half-yearly Report January 1–June 30, 2020.

On March 26, 2020, Huhtamaki announced that the Board of Directors changed its proposal for use of the profit shown on the balance sheet and proposed that no dividend payment would be decided by the Annual General Meeting. Instead, the Board of Directors proposed to the Annual General Meeting that the Annual General Meeting would authorize the Board of Directors to decide at a later stage and in its discretion on a dividend payment in one or several installments of a total maximum of EUR 0.89 per share. On September 17, 2020, Huhtamaki announced that the Board of Directors decided to pay out a dividend of EUR 0.89 per share from the distributable funds of the Company. The dividend was paid to a shareholder who on the dividend record date September 18, 2020 was registered as a shareholder in the Company's shareholders' register held by Euroclear Finland Ltd. The dividend was paid on September 25, 2020.

Significant events after the reporting period

On January 7, 2021, a signing of a EUR 400 million syndicated multicurrency revolving credit facility loan agreement ("RCF") with a maturity of three (3) years was announced. The RCF refinances an existing EUR 400 million credit facility signed in January 2015 and will be used for general corporate purposes of the Group. The RCF has two one-year extension options and the interest margin is tied to three sustainability indicators: share of renewable or recycled material in products, share of non-hazardous waste recycled and EcoVadis rating.

Business review by segment

Foodservice Europe-Asia-Oceania

Foodservice paper and plastic disposable tableware, such as cups, is supplied to foodservice operators, fast food restaurants and coffee shops. The segment has production in Europe, South Africa, Middle East, Asia and Oceania.

EUR million	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	213.5	245.3	-13%	829.1	956.7	-13%
Comparable net sales growth	-7%	4%		-10%	4%	
Adjusted EBIT ¹	15.5	20.9	-26%	60.9	85.7	-29%
Margin ¹	7.3%	8.5%		7.3%	9.0%	
Adjusted RONA ¹				7.7%	11.5%	
Capital expenditure	31.6	26.1	21%	78.7	74.7	5%
Operating cash flow ¹	11.7	22.3	-48%	41.6	66.8	-38%
Items affecting comparability (IAC)	-10.5	-0.2		-30.0	-0.5	

¹ Excluding IAC.

Q4 2020

COVID-19 continued to have a significant negative impact on demand for foodservice packaging. Demand improved somewhat during the quarter but remained low overall. Compared to Q4 2019, prices of paperboard increased, and prices of plastic resins decreased, though with variation between markets and types of resin.

Net sales in the Foodservice Europe-Asia-Oceania segment decreased significantly. Comparable net sales growth was -7%. Net sales decreased in most main markets. Sales of face shields and face masks partially compensated the decline in net sales.

The impact of currency movements on the segment's reported net sales was EUR -12 million.

The segment's adjusted EBIT decreased as a result of lower utilization of assets due to lower demand.

The impact of currency movements on the segment's reported earnings was EUR -1 million.

Q1-Q4 2020

Demand for foodservice packaging was good in the first two months of the year, but the outbreak of COVID-19 had a significant negative impact on demand for foodservice packaging as governments across markets imposed restrictions on movement to contain the spread of the virus. Demand improved gradually during the reporting period, but the overall demand remained low. Compared to the previous year, prices of paperboard increased, and prices of plastic resins decreased, though with variation between markets and types of resin.

Net sales decreased significantly in the Foodservice Europe-Asia-Oceania segment. Comparable net sales growth was -10%. Net sales decreased in all main markets. During the reporting period, Huhtamaki started selling face shields and face masks, which partially offset the decline in net sales.

The impact of currency movements on the segment's reported net sales was EUR -24 million.

The segment's adjusted EBIT decreased as a result of lower utilization of assets due to lower demand.

The impact of currency movements on the segment's reported earnings was EUR -1 million.

North America

The North America segment serves local markets with Chinet® disposable tableware products, foodservice packaging products, as well as ice-cream containers and other consumer goods packaging products. The segment has production in the United States and Mexico.

EUR million	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	274.0	303.6	-10%	1,138.9	1,152.7	-1%
Comparable net sales growth	-2%	6%		1%	9%	
Adjusted EBIT ¹	32.2	33.1	-3%	136.6	111.4	23%
Margin ¹	11.8%	10.9%		12.0%	9.7%	
Adjusted RONA ¹				16.8%	13.0%	
Capital expenditure	35.9	15.9	>100%	71.7	54.6	31%
Operating cash flow ¹	22.1	44.4	-50%	150.1	125.0	20%
Items affecting comparability (IAC)	0.1	-0.1		-6.5	-3.1	

¹ Excluding IAC.

Q4 2020

Demand for foodservice packaging, consumer goods packaging, and retail tableware were impacted by COVID-19. Some products in each market saw increased demand while other product areas were affected negatively, in some cases significantly. Demand for retail tableware and in-home ice cream packaging was especially strong, while demand for on-the-go and institutional ice cream packaging was weak. Compared to Q4 2019, raw material prices were generally stable, although trending up towards the end of the quarter.

Net sales decreased in the North America segment following lower demand for food on-the-go products. Comparable net sales growth was -2%. Sales in retail tableware were limited by a lower-than-normal available inventory following the strong demand in the previous quarter. Growth was strongest in consumer goods products while foodservice packaging sales was negatively impacted by COVID-19.

The impact of currency movements on the segment's reported net sales was EUR -22 million.

The segment's profitability was strong. Earnings were supported by the continuation of the margins established in 2019 and favorable sales mix.

The impact of currency movements on the segment's reported earnings was EUR -3 million.

Q1-Q4 2020

Demand for foodservice packaging decreased following the outbreak of COVID-19. Demand for retail tableware was strong throughout the year, partially supported by the consumption spike related to COVID-19. Demand for ice cream in-home packaging improved. Compared to the previous year, costs of transportation fuel, energy and plastic resins remained generally stable through the year although trending up at the end of the year.

Net sales growth in the North America segment was strong in Q1 but during the rest of the reporting period growth was impacted by the outbreak of COVID-19. Comparable net sales growth was 1% in 2020. Growth was strong within retail tableware while COVID-19 impacted foodservice packaging sales negatively. Net sales growth was driven primarily by strong demand for retail tableware plates and in-home ice cream packaging.

The impact of currency movements on the segment's reported net sales was EUR -22 million.

The segment's adjusted EBIT increased, and profitability was strong. Earnings improved as a result of the continuation of the margins established in 2019 and favorable sales mix.

The impact of currency movements on the segment's reported earnings was EUR -3 million.

Flexible Packaging

Flexible packaging is used for a wide range of consumer products including food, pet food, hygiene and health care products. The segment serves global markets from production units in Europe, Middle East and Africa, Asia and South America.

EUR million	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	250.8	255.1	-2%	1,050.8	1,016.4	3%
Comparable net sales growth	0%	3%		1%	3%	
Adjusted EBIT ¹	17.9	18.8	-5%	80.7	82.6	-2%
Margin ¹	7.2%	7.4%		7.7%	8.1%	
Adjusted RONA ¹				10.1%	11.1%	
Capital expenditure	12.9	15.2	-15%	35.9	44.4	-19%
Operating cash flow ¹	45.4	49.3	-8%	83.8	88.8	-6%
<i>Items affecting comparability (IAC)</i>	-0.5	-0.6		-6.2	-0.7	

¹ Excluding IAC.

Q4 2020

Overall demand for flexible packaging was good with some variation between product categories and markets. The competitive situation in Southeast Asia remained tight. Raw material prices decreased compared to Q4 2019.

Net sales in the Flexible Packaging segment decreased while comparable net sales growth was 0%. Net sales growth was strongest in Europe and decreased especially in India due to pandemic-driven shifts in consumer behavior and unfavorable product mix. The units acquired in South Africa (Everest Flexibles, as of December 1, 2019), India (Mohan Mutha Polytech, as of January 10, 2020) and Brazil (Laminor S.A. as of April 1, 2020) supported net sales.

The impact of currency movements on the segment's reported net sales was EUR -13 million.

The segment's adjusted EBIT decreased mainly as a result of lower sales volumes in India. Lower raw material prices and the acquired units supported earnings.

The impact of currency movements on the segment's reported earnings was EUR -1 million.

Q1-Q4 2020

Demand for flexible packaging was good across most markets. Pandemic-driven supply chain disruptions impacted some markets especially in the second quarter of the year. The competitive situation in Southeast Asia remained tight. Raw material prices decreased compared to the previous year.

Net sales increased in the Flexible Packaging segment. Comparable net sales growth was 1%. Growth was strongest in Southeast Asia and Oceania. Restrictions and lockdowns related to COVID-19 impacted sales negatively in India and the United Arab Emirates. Net sales was supported by the new unit in Egypt, inaugurated in April 2019, and the acquired units.

The impact of currency movements on the segment's reported net sales was EUR -28 million.

The segment's adjusted EBIT decreased due to COVID-19 related production and logistics interruptions in India mainly during Q2 2020, and the impact of strict restrictions related to COVID-19 in the United Arab Emirates. Cost management actions, lower raw material prices and the acquired units supported earnings.

The impact of currency movements on the segment's reported earnings was EUR -2 million.

Fiber Packaging

Recycled and other natural fibers are used to make fresh product packaging, such as egg, fruit, food and drink packaging. The segment has production in Europe, Oceania, Africa and South America.

EUR million	Q4 2020	Q4 2019	Change	2020	2019	Change
Net sales	85.4	76.1	12%	307.8	293.4	5%
Comparable net sales growth	8%	8%		9%	6%	
Adjusted EBIT ¹	12.7	7.5	70%	37.4	29.0	29%
Margin ¹	14.8%	9.8%		12.2%	9.9%	
Adjusted RONA ¹				15.8%	12.6%	
Capital expenditure	22.5	13.7	65%	36.7	29.5	24%
Operating cash flow ¹	8.5	7.8	10%	18.9	22.4	-16%
<i>Items affecting comparability (IAC)</i>	-3.5	-0.2		-5.2	-1.2	

¹ Excluding IAC.

Q4 2020

Demand for fiber-based packaging, especially egg packaging, continued strong across markets. Underlying market growth was boosted by the pandemic-driven in-house consumption trend. Prices of recycled fiber were at similar levels compared to Q4 2019.

Net sales growth in the Fiber Packaging segment was strong. Comparable net sales growth was 8%. Net sales increased especially in Europe. Net sales growth was driven primarily by volume.

The impact of currency movements on the segment's reported net sales was EUR -5 million.

The segment's adjusted EBIT increased driven especially by volume growth and also by pricing actions implemented earlier. The development and commercialization costs of the Fresh ready meal tray had a negative impact on the segment's earnings growth.

The impact of currency movements on the segment's reported earnings was EUR -1 million.

Q1-Q4 2020

Demand for fiber-based packaging was strong throughout the year, especially in egg packaging. Demand for cup carriers decreased following the outbreak of COVID-19 but increased as restrictions related to COVID-19 were lifted. Prices of recycled fiber were at similar levels compared to the previous year.

Net sales growth in the Fiber Packaging segment was strong. Comparable net sales growth was 9%. Net sales increased especially in Europe. Net sales growth was driven primarily by volume growth following the increased demand due to COVID-19 pandemic.

The impact of currency movements on the segment's reported net sales was EUR -14 million.

The segment's adjusted EBIT increased driven especially by volume growth but also by pricing actions implemented earlier. The development and commercialization costs of the Fresh ready meal tray had a negative impact on the segment's earnings growth.

The impact of currency movements on the segment's reported earnings was EUR -1 million.

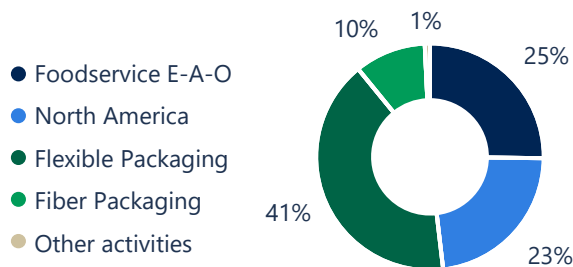
Personnel

Number of personnel

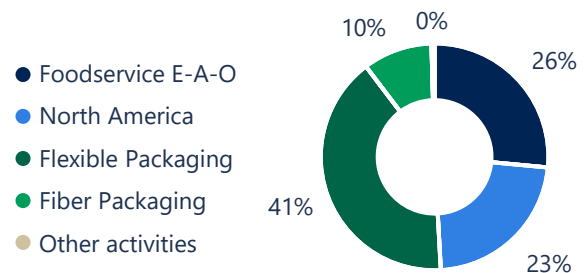
	December 31, 2020	December 31, 2019	Change
Foodservice Europe-Asia-Oceania	4,591	4,927	-7%
North America	4,185	4,209	-1%
Flexible Packaging	7,468	7,544	-1%
Fiber Packaging	1,849	1,835	1%
Other activities ¹	134	83	61%
Group	18,227	18,598	-2%

¹ Including global functions in Finland

Personnel by segment on December 31, 2020



Personnel by segment on December 31, 2019



At the end of December 2020, the Group had a total of 18,227 (18,598) employees. The number of employees was 2% lower than in the comparison period. The total number of employees has decreased slightly in 2020 as the Company continued to adjust its operational mode towards an optimal structure to deliver on the 2030 Strategy. Huhtamaki has strengthened some of its functions as well as centralized resources by shifting employees from segments to global functions.

Changes in management

Marina Madanat, M.Sc. (Economics and Business Administration), B.Sc. (Electrical Engineering), was appointed Executive Vice President, Strategy and Business Development as of January 1, 2020.

Antti Valtokari, M.Sc. (Computer Science), was appointed Executive Vice President, IT and Process Performance as of January 1, 2020.

Leena Lie, Executive Vice President, Marketing and Communications, and a member of the Global Executive Team decided to leave Huhtamaki to pursue other career opportunities on January 16, 2020.

Arup Basu, PhD (Technology), was appointed President, Flexible Packaging and a member of Global Executive Team as of February 1, 2020. Olli Koponen, President, Flexible Packaging, stepped down from the Global Executive Team and was appointed as Senior Vice President, Total Productive Manufacturing until his retirement.

Thomasine Kamerling, M.A., Modern History, was appointed as Executive Vice President, Sustainability and Communications and a member of Global Executive Team as of March 1, 2020.

Ann O'Hara, MBA, BSE (Chemical Engineering), was appointed President, North America business segment and a member of the Global Executive Team as of January 1, 2021. Clay Dunn, President, North America business segment retired at the end of 2020 after successfully leading Huhtamaki's business in North America since 2005.

Share capital, shareholders and trading of shares

Share capital and number of shares

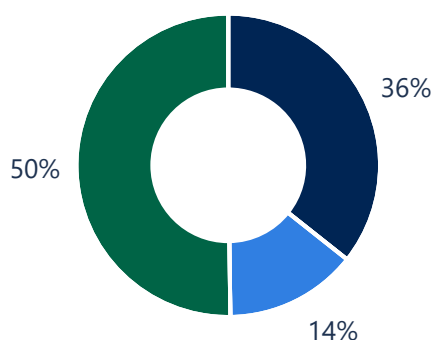
	December 31, 2020	December 31, 2019
Registered share capital (EUR million)	366	366
Total number of shares	107,760,385	107,760,385
Shares owned by the Company	3,410,709	3,410,709
% of total number of shares	3.2%	3.2%
Number of outstanding shares ¹	104,349,676	104,349,676
Average number of shares ^{1,2}	104,349,676	104,344,950

¹ Excluding shares owned by the Company

² Average number of outstanding shares used in EPS calculations

Shareholder structure as at December 31, 2020

- Finnish institutions, companies and organizations
- Households
- Foreign and nominee-registered shareholders



There were 36,764 (31,056) registered shareholders at the end of December 2020. Foreign ownership including nominee registered shares accounted for 50% (48%).

Trading of shares

Trading of Huhtamaki shares on Nasdaq Helsinki	2020	2019
Number of shares traded, million	59.0	55.0
Closing price on final day of trading, EUR	42.26	41.38
Volume-weighted average price, EUR	37.34	34.74
High, EUR	46.62	42.20
Low, EUR	23.48	26.81
Market capitalization (at end of period), EUR million	4,554	4,459

During the reporting period, the Company's shares were quoted on Nasdaq Helsinki Ltd on the Nordic Large Cap list under the Industrials sector. It was a component of the Nasdaq Helsinki 25 Index.

At the end of December 2020, the Company's market capitalization was EUR 4,554 million (EUR 4,459 million). With a closing price of EUR 42.26 (EUR 41.38) at the end of the reporting period, the share price increased approximately 2% from the beginning of the year. During the reporting period the volume weighted average price for the Company's shares was EUR 37.34 (EUR 34.74). The highest price paid was EUR 46.62 (EUR 42.20) and the lowest was EUR 23.48 (EUR 26.81).

During the reporting period, the cumulative value of the Company's share turnover on Nasdaq Helsinki Ltd was EUR 2,217 million (EUR 1,905 million). The trading volume of approximately 59 million (55 million) shares equaled an average daily turnover of 235,468 (219,838) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 5,673 million (EUR 5,036 million). During the reporting period, 63% (64%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, fragmentation.fidessa.com)

Resolutions of the Annual General Meeting 2020

Huhtamäki Oyj's Annual General Meeting of Shareholders was held in Helsinki on April 29, 2020. The meeting adopted the Annual Accounts including the Consolidated Annual Accounts for 2019, discharged the members of the Company's Board of Directors and the CEO from liability, and approved all proposals made to the Annual General Meeting by the Board of Directors. The Annual General Meeting also decided to approve the Remuneration Policy for the Company's Governing Bodies presented to it.

The Annual General Meeting authorized the Board of Directors to decide at a later stage and in its discretion on the distribution of dividend in one or several instalments of a total maximum of EUR 0.89 per share.

The number of members of the Board of Directors was confirmed to be seven (7). Mr. Pekka Ala-Pietilä, Mr. Doug Baillie, Mr. William R. Barker, Ms. Anja Korhonen, Ms. Kerttu Tuomas, Ms. Sandra Turner and Mr. Ralf K. Wunderlich were re-elected as members of the Board of Directors for a term ending at the end of the next Annual General Meeting. The Board of Directors elected Mr. Pekka Ala-Pietilä as the Chairman of the Board and Ms. Kerttu Tuomas as the Vice-Chairman of the Board.

KPMG Oy Ab, a firm of authorized public accountants, was elected as Auditor of the company for the financial year January 1 - December 31, 2020. Mr. Henrik Holmbom, APA, will be the Auditor with principal responsibility.

The Annual General Meeting authorized the Board of Directors to resolve on the repurchase of an aggregate maximum of 10,776,038 of the Company's own shares. The Annual General Meeting also authorized the Board of Directors to resolve on the issuance of shares and the issuance of special rights entitling to shares. The aggregate number of new shares to be issued may not exceed 10,000,000 shares which corresponds to approximately 9.3 percent of the current shares of the Company, and the aggregate number of own treasury shares to be transferred may not exceed 4,000,000 shares which corresponds to approximately 3.7 percent of the current shares of the Company. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2021.

The Annual General Meeting resolved to establish a Shareholders' Nomination Board and to adopt the Charter of the Shareholders' Nomination Board. The Shareholders' Nomination Board replaces the Nomination Committee of the Board of Directors. The Shareholders' Nomination Board comprises one member appointed by each of the four largest shareholders of the Company in accordance with the appointment procedure set out in the Charter. The Chairman of the Board of Directors serves as an expert member of the Shareholders' Nomination Board.

The Annual General Meeting resolved to amend the Articles of Association in accordance with the proposal of the Board of Directors so that amendments related to the establishment of the Shareholders' Nomination Board and certain other technical amendments were made to the Articles of Association. As a result of the amendments, the Chairman and the Vice-Chairman of the Board of Directors can in the future be elected at the General Meeting.

Short-term risks and uncertainties

The COVID-19 pandemic is a significant short-term risk potentially creating disturbance in the Group's trading conditions and its operating environment, as well as in demand for the Group's products. Volatile raw material and energy prices as well as movements in currency rates are considered to be relevant short-term business risks and uncertainties in the Group's operations. General political, economic and financial market conditions can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings.

Outlook for 2021

The Group's trading conditions are expected to improve compared to 2020, however with continued volatility in the operating environment. Huhtamaki's diversified product portfolio provides resilience and the Group's good financial position enables addressing profitable growth opportunities.

Dividend proposal

On December 31, 2020 Huhtamäki Oyj's distributable funds were EUR 542 million (EUR 630 million). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.92 (EUR 0.89) per share be paid.

Annual General Meeting 2021

The Annual General Meeting of Shareholders (AGM) will be held on Thursday, April 22, 2021 with exceptional meeting procedures based on the Finnish temporary legislative act to limit the spread of the COVID-19 pandemic (677/2020). The AGM will be held without the presence of shareholders or their representatives in order to ensure the health and safety of the Company's shareholders, personnel and other stakeholders. After the AGM, shareholders will be provided with an opportunity to follow a webcast where the Chairman of the Board and the President & CEO will address topical themes of the Company.

Financial reporting in 2021

In 2021, Huhtamaki will publish financial information as follows:

Interim Report, January 1 – March 31, 2021	April 22
Half-yearly Report, January 1 – June 30, 2021	July 22
Interim Report, January 1 – September 30, 2021	October 21

Annual Accounts 2020 will be published on the week commencing March 1, 2021.

Espoo, February 10, 2021

Huhtamäki Oyj
Board of Directors

Group income statement (IFRS)

<i>EUR million</i>	Q1-Q4 2020	Q1-Q4 2019	Q4 2020	Q4 2019
Net sales	3,301.8	3,399.0	812.8	874.6
Cost of goods sold	-2,748.6	-2,816.2	-682.4	-721.8
Gross profit	553.3	582.8	130.4	152.9
Other operating income	42.8	7.4	8.6	1.7
Sales and marketing	-81.4	-85.2	-21.3	-21.3
Research and development	-20.7	-22.0	-5.7	-4.8
Administration expenses	-199.6	-179.7	-47.0	-50.3
Other operating expenses	-29.4	-19.8	-17.1	-6.4
Share of profit of equity-accounted investments	0.4	2.0	-0.0	0.6
	-288.0	-297.3	-82.5	-80.5
Earnings before interest and taxes	265.3	285.5	47.9	72.3
Financial income	10.2	8.4	3.7	3.6
Financial expenses	-38.4	-37.1	-10.2	-9.8
Profit before taxes	237.1	256.7	41.4	66.2
Income tax expense	-53.3	-57.8	-9.3	-14.9
Profit for the period	183.7	199.0	32.1	51.3
Attributable to:				
Equity holders of the parent company	176.8	190.1	31.0	48.2
Non-controlling interest	6.9	8.9	1.1	3.1
EUR				
EPS attributable to equity holders of the parent company	1.69	1.82	0.30	0.46
Diluted EPS attributable to equity holders of the parent company	1.69	1.82	0.30	0.46

Group statement of comprehensive income (IFRS)

<i>EUR million</i>	Q1-Q4 2020	Q1-Q4 2019	Q4 2020	Q4 2019
Profit for the period	183.7	199.0	32.1	51.3
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurements on defined benefit plans	-1.4	-11.3	-1.2	-11.3
Income taxes related to items that will not be reclassified	2.0	8.3	2.0	8.3
Total	0.7	-3.1	0.8	-3.0
Items that may be reclassified subsequently to profit or loss				
Translation differences	-153.6	47.5	-38.9	-18.1
Equity hedges	17.2	-9.1	8.5	3.1
Cash flow hedges	-2.3	-5.0	-1.4	-0.7
Income taxes related to items that may be reclassified	0.7	0.6	0.4	0.0
Total	-138.1	34.0	-31.4	-15.7
Other comprehensive income, net of tax	-137.4	31.0	-30.6	-18.7
Total comprehensive income	46.3	229.9	1.5	32.6
Attributable to:				
Equity holders of the parent company	39.9	221.2	0.9	29.6
Non-controlling interest	6.4	8.7	0.5	3.0

Group statement of financial position (IFRS)

<i>EUR million</i>	Dec 31, 2020	Dec 31, 2019
ASSETS		
Non-current assets		
Goodwill	732.4	735.7
Other intangible assets	37.4	35.2
Tangible assets	1,365.3	1,398.1
Equity-accounted investments	0.0	4.9
Other investments	2.3	2.4
Interest-bearing receivables	3.3	4.2
Deferred tax assets	61.3	50.9
Employee benefit assets	57.4	55.4
Other non-current assets	3.4	3.1
	2,262.8	2,290.1
Current assets		
Inventory	473.4	497.8
Interest-bearing receivables	7.4	12.9
Current tax assets	16.3	14.6
Trade and other current receivables	520.5	595.9
Cash and cash equivalents	315.5	199.4
	1,333.0	1,320.6
Total assets	3,595.8	3,610.6
EQUITY AND LIABILITIES		
Share capital	366.4	366.4
Premium fund	115.0	115.0
Treasury shares	-31.3	-31.3
Translation differences	-202.3	-65.8
Fair value and other reserves	-103.8	-103.4
Retained earnings	1,140.1	1,067.1
Total equity attributable to equity holders of the parent company	1,284.1	1,348.0
Non-controlling interest	80.4	89.1
Total equity	1,364.5	1,437.1
Non-current liabilities		
Interest-bearing liabilities	941.4	879.7
Deferred tax liabilities	99.1	97.7
Employee benefit liabilities	228.5	225.2
Provisions	12.1	13.2
Other non-current liabilities	12.6	7.0
	1,293.6	1,222.9
Current liabilities		
Interest-bearing liabilities		
Current portion of long term loans	95.4	92.7
Short-term loans	156.2	148.0
Provisions	22.1	8.4
Current tax liabilities	66.6	50.5
Trade and other current liabilities	597.4	651.0
	937.7	950.7
Total liabilities	2,231.3	2,173.6
Total equity and liabilities	3,595.8	3,610.6
Net debt	866.8	904.0
Net debt to equity (gearing)	0.64	0.63

Group statement of changes in equity (IFRS)

Attributable to equity holders of the parent company

<i>EUR million</i>	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance on January 1, 2019	366.4	115.0	-31.5	-104.2	-96.1	965.5	1,215.1	52.2	1,267.3
Dividends paid						-87.6	-87.6		-87.6
Share-based payments			0.1			0.9	1.0		1.0
Total comprehensive income for the year				38.4	-7.3	190.1	221.2	8.7	229.9
Acquisition of non-controlling interest						-6.2	-6.2	26.3	20.2
Other Changes						4.5	4.5	1.8	6.3
Balance on December 31, 2019	366.4	115.0	-31.3	-65.8	-103.4	1,067.1	1,348.0	89.1	1,437.1
Dividends paid						-92.9	-92.9		-92.9
Share-based payments						2.9	2.9		2.9
Total comprehensive income for the year				-136.5	-0.4	176.8	39.9	6.4	46.3
Acquisition of non-controlling interest						9.6	9.6	-8.6	1.1
Other Changes						-23.5	-23.5	-6.5	-30.0
Balance on December 31, 2020	366.4	115.0	-31.3	-202.3	-103.8	1,140.1	1,284.1	80.4	1,364.5

Group statement of cash flows (IFRS)

<i>EUR million</i>	Q1-Q4 2020	Q1-Q4 2019	Q4 2020	Q4 2019
Profit for the period*	183.7	199.0	32.1	51.3
Adjustments*	271.3	239.3	77.9	61.0
Depreciation and amortization*	199.2	163.2	53.5	42.6
Share of profit of equity-accounted investments*	-0.4	-0.1	0.0	1.3
Gain/loss from disposal of assets*	0.5	-0.6	0.6	0.5
Financial expense/-income*	28.2	28.8	6.5	6.2
Income tax expense*	53.3	57.8	9.3	14.9
Other adjustments, operational*	-9.6	-9.8	8.1	-4.5
Change in inventory*	-4.7	19.1	44.7	37.4
Change in non-interest bearing receivables*	50.9	-40.2	48.0	10.3
Change in non-interest bearing payables*	-6.6	66.4	-25.4	33.3
Dividends received*	0.0	0.0	0.0	0.0
Interest received*	2.6	3.8	0.8	1.1
Interest paid*	-23.4	-22.6	-7.2	-5.9
Other financial expense and income*	-0.4	0.8	0.2	0.8
Taxes paid*	-44.9	-39.3	-11.0	-10.3
Net cash flows from operating activities	428.6	426.4	160.1	179.0
Capital expenditure*	-223.5	-203.9	-103.2	-71.0
Proceeds from selling tangible assets*	1.9	3.3	0.6	0.6
Acquired subsidiaries and assets	-39.0	-32.5	-1.0	-32.5
Proceeds from long-term deposits	0.9	0.5	0.1	0.2
Payment of long-term deposits	-0.2	-2.0	-0.2	-0.8
Proceeds from short-term deposits	34.2	1.0	25.4	0.6
Payment of short-term deposits	-28.7	-4.8	-4.1	-0.9
Net cash flows from investing activities	-254.3	-238.5	-82.4	-103.7
Proceeds from long-term borrowings	345.2	477.1	31.5	246.8
Repayment of long-term borrowings	-199.4	-299.2	-43.5	-70.2
Change in short-term loans	-94.8	-180.3	-68.5	-178.3
Acquisition of non-controlling interest	-	-1.4	-	-
Dividends paid	-92.9	-87.6	-	-
Net cash flows from financing activities	-41.8	-91.4	-80.5	-1.7
Change in liquid assets	116.0	104.4	0.4	71.8
Cash flow based	132.5	96.5	-2.8	73.6
Translation difference	-16.5	7.9	3.2	-1.8
Liquid assets period start	199.4	95.0	315.1	127.6
Liquid assets period end	315.5	199.4	315.5	199.4
Free cash flow (including figures marked with *)	207.1	225.8	57.5	108.7

Notes to the Results Report

The figures in this Results Report are based on audited 2020 Financial Statements.

The Results Report has been prepared in accordance with IAS 34 Interim Financial Reporting. Except for the accounting policy changes listed below, the same accounting policies have been applied in the Results Report as in the annual financial statements for 2019. The following new and amended standards and interpretations have been adopted with effect from January 1, 2020:

- **Revised IAS 1 Presentation of Financial Statements** and **revised IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**. The amendments clarify the definition of material and how it should be applied. The amendments had no impact on the interim financial statements.
- **Revised IFRS 3 Business Combinations**. The amendments clarify the definition of a business and help to determine whether an acquisition made is of a business or a group of assets. The amendments had no impact on the interim financial statements.
- **Revised IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement** and **IFRS 7 Financial Instruments: Disclosures** (Interest Rate Benchmark Reform). The amendments modify specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the interbank offered rate (IBOR) reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should be continued to be recorded in the income statement. The Group's risk exposure that is directly affected by the reform are fair value hedge accounting of long term fixed rate debt for changes in fair value attributable to changes in EURIBOR and cash flow hedge accounting for long term floating rate debt for fair value changes attributable to changes in USD LIBOR. For the fair value hedge accounting relationships, the fair value of the hedged item and hedging instruments are calculated with an identical interest rate and therefore no ineffectiveness is expected. For the cash flow hedge accounting relationships, some minor ineffectiveness may occur. The Group will continue to monitor the effects of the IBOR reform and its potential uncertainty on hedge accounting.
- **Revised Conceptual Framework for Financial Reporting**. The amendments include revised definitions for an asset and a liability, new guidance on measurement and derecognition, presentation and disclosure. The amendments had no impact on the interim financial statements.

Description of the impact of COVID-19 on the business can be found in the chapter 'Impact of COVID-19' in the Financial Statements Review.

Segments

Segment information is presented according to the IFRS standards. Items below EBIT – financial items and taxes – are not allocated to the segments. Reportable segments' net sales and EBIT form Group's total net sales and EBIT, so no reconciliations to corresponding amounts are presented.

Net sales

<i>EUR million</i>	Q1-Q4 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019
Foodservice Europe-Asia-Oceania	825.9	212.7	230.3	166.4	216.4	952.8	244.2	241.6	240.4
Intersegment net sales	3.2	0.8	0.5	0.8	1.2	3.9	1.1	0.8	0.6
North America	1,134.2	273.0	281.8	294.6	284.8	1,145.3	302.0	284.6	304.9
Intersegment net sales	4.7	1.0	0.8	1.5	1.4	7.4	1.7	2.3	1.6
Flexible Packaging	1,046.5	250.4	264.5	261.7	269.9	1,011.5	253.4	259.0	248.0
Intersegment net sales	4.3	0.3	1.5	1.4	1.1	4.9	1.7	1.7	0.7
Fiber Packaging	295.2	76.6	70.7	74.4	73.5	289.4	75.1	69.6	74.1
Intersegment net sales	12.6	8.7	1.5	1.4	1.0	4.0	1.1	-1.4	3.5
Elimination of intersegment net sales	-24.8	-10.8	-4.3	-5.1	-4.6	-20.2	-5.5	-3.4	-6.4
Total	3,301.8	812.8	847.3	797.1	844.6	3,399.0	874.6	854.9	867.3

EBIT

<i>EUR million</i>	Q1-Q4 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019
Foodservice Europe-Asia-Oceania	30.9	5.0	4.4	5.7	15.8	85.1	20.7	22.5	21.8
North America	130.1	32.3	32.8	37.9	27.1	108.3	33.0	22.3	32.4
Flexible Packaging	74.5	17.4	21.9	18.9	16.3	82.0	18.3	20.5	20.1
Fiber Packaging	32.2	9.2	7.8	7.7	7.5	27.8	7.2	6.1	7.6
Other activities	-2.4	-16.0	-2.3	0.0	15.9	-17.7	-6.9	-3.8	-4.2
Total	265.3	47.9	64.7	70.2	82.6	285.5	72.3	67.7	77.8

IAC in EBIT

<i>EUR million</i>	Q1-Q4 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019
Foodservice Europe-Asia-Oceania	-30.0	-10.5	-17.3	-0.5	-1.6	-0.5	-0.2	-0.1	-0.2
North America	-6.5	0.1	-3.2	-0.0	-3.4	-3.1	-0.1	-3.0	-
Flexible Packaging	-6.2	-0.5	-0.7	-0.3	-4.7	-0.7	-0.6	-0.1	-
Fiber Packaging	-5.2	-3.5	-0.2	-0.8	-0.7	-1.2	-0.2	-1.0	-
Other activities	11.0	-10.5	0.6	1.7	19.3	-2.0	-1.2	-0.4	-0.3
Total	-36.8	-24.9	-20.9	0.1	8.9	-7.6	-2.3	-4.6	-0.5

EBITDA

<i>EUR million</i>	Q1-Q4 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019
Foodservice Europe-Asia-Oceania	104.9	26.4	28.0	19.5	31.0	135.9	34.1	35.1	34.2
North America	185.4	44.5	48.8	51.5	40.7	158.7	46.0	35.2	44.9
Flexible Packaging	116.5	27.4	32.3	28.0	28.8	120.6	28.5	30.5	29.6
Fiber Packaging	57.7	18.5	12.7	13.3	13.2	47.5	12.4	10.9	12.5
Other activities	0.1	-15.4	-1.7	0.7	16.4	-13.9	-6.0	-2.9	-3.1
Total	464.5	101.4	120.1	113.0	130.1	448.8	115.0	108.8	118.1

IAC in EBITDA

<i>EUR million</i>	Q1-Q4 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019
Foodservice Europe-Asia-Oceania	-11.3	-3.1	-7.4	-0.5	-0.3	-0.5	-0.2	-0.1	-0.2
North America	-3.3	0.0	0.1	-0.0	-3.4	-3.1	-0.1	-3.0	-
Flexible Packaging	-3.3	-0.5	-0.2	-0.3	-2.3	-0.7	-0.6	-0.1	-
Fiber Packaging	-1.7	-1.3	-0.1	-0.1	-0.2	-1.2	-0.2	-1.0	-
Other activities	11.0	-10.5	0.6	1.7	19.3	-2.0	-1.2	-0.4	-0.3
Total	-8.6	-15.4	-7.1	0.9	13.1	-7.6	-2.3	-4.6	-0.5

Depreciation and amortization

<i>EUR million</i>	Q1-Q4 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019
Foodservice Europe-Asia-Oceania	74.0	21.4	23.6	13.8	15.2	50.7	13.4	12.5	12.4
North America	55.3	12.2	16.0	13.6	13.6	50.4	13.0	12.9	12.5
Flexible Packaging	42.0	9.9	10.3	9.1	12.6	38.6	10.2	10.0	9.5
Fiber Packaging	25.5	9.3	4.9	5.6	5.6	19.7	5.2	4.8	4.9
Other activities	2.5	0.6	0.7	0.7	0.6	3.8	0.9	0.9	1.0
Total	199.2	53.5	55.4	42.8	47.5	163.2	42.6	41.2	40.3

Net assets allocated to the segments¹

<i>EUR million</i>	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Foodservice Europe-Asia-Oceania	789.8	788.8	803.8	775.2	799.8	747.7	738.2
North America	748.3	779.0	826.6	878.6	836.0	865.4	861.4
Flexible Packaging	783.1	801.0	822.3	828.8	769.0	754.9	746.0
Fiber Packaging	242.4	236.4	236.7	234.7	236.6	231.5	232.5

¹ Following statement of financial position items are included in net assets: intangible and tangible assets, equity-accounted investments, other non-current assets, inventories, trade and other current receivables (excluding accrued interest income), other non-current liabilities and trade and other current liabilities (excluding accrued interest expense).

Capital expenditure

<i>EUR million</i>	Q1-Q4 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019
Foodservice Europe-Asia-Oceania	78.7	31.6	12.6	18.5	16.0	74.7	26.1	19.8	15.3
North America	71.7	35.9	13.9	9.9	11.9	54.6	15.9	14.6	9.4
Flexible Packaging	35.9	12.9	7.5	7.5	7.9	44.4	15.2	9.9	10.6
Fiber Packaging	36.7	22.5	6.5	4.3	3.4	29.5	13.7	10.1	3.2
Other activities	0.4	0.2	0.0	0.1	0.1	0.6	0.1	0.2	0.1
Total	223.5	103.2	40.6	40.3	39.4	203.9	71.0	54.6	38.6

RONA (12m roll.)

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Foodservice Europe-Asia-Oceania	3.9%	6.0%	8.4%	10.6%	11.4%	9.7%	9.4%
North America	16.0%	15.6%	14.1%	13.3%	12.7%	9.9%	9.1%
Flexible Packaging	9.3%	9.5%	9.4%	9.8%	11.0%	9.9%	9.4%
Fiber Packaging	13.6%	12.9%	12.2%	12.2%	12.1%	12.2%	12.8%

Operating cash flow

<i>EUR million</i>	Q1-Q4 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q1-Q4 2019	Q4 2019	Q3 2019	Q2 2019
Foodservice Europe-Asia-Oceania	41.6	11.7	25.9	-7.0	11.1	66.8	22.3	21.1	15.6
North America	150.1	22.1	48.8	71.9	7.3	125.0	44.4	43.5	34.2
Flexible Packaging	83.8	45.4	29.3	7.4	1.7	88.8	49.3	23.6	16.5
Fiber Packaging	18.9	8.5	3.0	7.5	-0.1	22.4	7.8	1.1	8.9

Business combinations

Mohan Mutha Polytech and Laminor

On January 10, 2020 Huhtamaki completed the acquisition of the assets and operations of Mohan Mutha Polytech Private Limited (MMPPL), a privately-owned flexible packaging manufacturer located in Sri City, Andhra Pradesh, India. The consideration in cash amounted to EUR 9.4 million. The business has been reported as part of the Flexible Packaging business segment as of January 10, 2020. The goodwill from the acquired business is expected to be non-deductible for income tax purposes.

On March 31, 2020 Huhtamaki completed the acquisition of full ownership of its joint venture company Laminor S.A. in Brazil. Laminor is specialized in high-quality tube laminates, particularly for oral care applications, and was set up in 2002 as a 50/50 joint venture together with Bemis Company, which is now part of Amcor. Due to the full ownership in Laminor the Group has control in the company and the previous joint venture has been consolidated as a subsidiary in the Flexible Packaging business segment as of April 1, 2020. The goodwill from the acquired business is expected to be non-deductible for income tax purposes. The consideration in cash for the additional shares amounted to EUR 28.6 million. As a result of the transaction, a gain of EUR 22.4 million from the difference between remeasured interest according to the purchase price and previously held equity interest is recognized in the income statement.

The costs relating to advice etc. services EUR 0.4 million are included in the Group income statement in account Other operating expenses.

The values of acquired assets and liabilities at time of acquisition were as follows:

EUR million

Other intangible assets	8.8
Tangible assets	13.1
Other non-current assets	3.8
Inventory	3.5
Trade and other current receivables	8.5
Cash and cash equivalents	0.0
Total assets	37.7
Deferred tax liabilities	-6.4
Other non-current liabilities	-0.1
Non-current provisions	-2.2
Trade and other current liabilities	-4.4
Total liabilities	-13.0
Net assets total	24.7
Goodwill	39.4
Remeasurements	26.1
Consideration	38.0

Analysis of cash flows of acquisitions

EUR million

Purchase consideration, cash payment	-38.0
Cash and cash equivalents in acquired companies	0.0
Transaction costs of the acquisitions	-0.4
Net cash flow on acquisitions	-38.3

The net sales of the acquired businesses included in the Group income statement since acquisition date were EUR 27.0 million and result for the period was EUR 1.7 million. The net sales and the result for the period of the acquired business would not have had material effect in the Group income statement, if the acquired business had been consolidated from January 1, 2020.

Everest Flexible

On December 18, 2019 Huhtamaki completed the acquisition of the majority of the business of Everest Flexibles (Pty) Limited ("Everest"), a privately-owned flexible packaging manufacturer in South Africa. The values of assets, liabilities and goodwill have changed from the values reported in the annual financial statements for 2019.

The values of acquired assets and liabilities at time of acquisition were as follows:

EUR million

Other intangible assets	3.7
Tangible assets	19.5
Inventory	6.9
Trade and other current receivables	11.9
Cash and cash equivalents	-
Total assets	42.0
Deferred tax liabilities	-1.8
Trade and other current liabilities	-8.8
Total liabilities	-10.6
Net assets total	31.5
Non-controlling interest	-9.4
Goodwill	24.5
Consideration	46.6
Consideration, paid in cash	33.3
Consideration, paid in shares	13.3

Analysis of cash flows of acquisition

EUR million

Purchase consideration, cash payment	-33.3
Cash and cash equivalents in acquired companies	-
Transaction costs of the acquisitions	-0.6
Net cash flow on acquisitions	-33.9

Other information

Key indicators

	Q1-Q4 2020	Q1-Q4 2019
Equity per share (EUR)	12.31	12.92
ROE, % (12m roll.)	12.9	14.8
ROI, % (12m roll.)	10.3	11.9
Personnel	18,227	18,598
Profit before taxes (EUR million, 12m roll.)	237.1	256.7
Depreciation of tangible assets (EUR million)	185.4	154.2
Amortization of other intangible assets (EUR million)	13.8	9.0

Contingent liabilities

EUR million

	Dec 31, 2020	Dec 31, 2019
Capital expenditure commitments	45.2	45.7

Financial instruments measured at fair value

<i>EUR million</i>	Dec 31, 2020	Dec 31, 2019
Derivatives - assets		
Currency forwards, transaction risk hedges	1.8	0.8
Currency forwards, translation risk hedges	4.5	0.3
Currency forwards, for financing purposes	6.4	1.0
Currency options, transaction risk hedges	0.2	0.0
Interest rate swaps	0.8	1.0
Other investments	2.3	2.4
Derivatives - liabilities		
Currency forwards, transaction risk hedges	5.2	3.2
Currency forwards, translation risk hedges	0.3	3.4
Currency forwards, for financing purposes	3.8	9.0
Currency options, transaction risk hedges	0.4	0.0
Interest rate swaps	3.3	2.0
Cross currency swaps	2.1	0.9

The fair values of the financial instruments measured at fair value have been indirectly derived from market prices. Other investments include quoted and unquoted shares. Quoted shares are measured at fair value. For unquoted shares the fair value cannot be measured reliably, as a result of which the investments are carried at cost.

Interest-bearing liabilities

<i>EUR million</i>	Dec 31, 2020		Dec 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current	941.4	925.0	879.7	882.3
Current	251.6	251.6	240.7	240.7
Total	1,193.0	1,176.6	1,120.4	1,123.0

Exchange rates

Income statement, average:

	Q1-Q4 2020	Q1-Q4 2019
AUD 1 =	0.6040	0.6209
GBP 1 =	1.1249	1.1397
INR 1 =	0.0118	0.0127
RUB 1 =	0.0121	0.0138
THB 1 =	0.0280	0.0288
USD 1 =	0.8765	0.8931

Statement of financial position, month end:

	Dec 31, 2020	Dec 31, 2019
AUD 1 =	0.6240	0.6253
GBP 1 =	1.1073	1.1736
INR 1 =	0.0111	0.0125
RUB 1 =	0.0109	0.0144
THB 1 =	0.0272	0.0299
USD 1 =	0.8143	0.8937

Definitions for performance measures

Performance measures according to IFRS

Earnings per share (EPS) attributable to equity holders of the parent company =

Profit for the period – non-controlling interest
Average number of shares outstanding

Diluted earnings per share (diluted EPS) attributable to equity holders of the parent company =

Diluted profit for the period – non-controlling interest
Average fully diluted number of shares outstanding

Alternative performance measures

EBITDA =

EBIT + depreciation and amortization

Net debt to equity (gearing) =

Interest-bearing net debt
Total equity

Return on net assets (RONA) =

100 x Earnings before interest and taxes (12m roll.)
Net assets (12m roll.)

Operating cash flow =

Adjusted EBIT + depreciation and amortization - capital expenditure
+ disposals +/- change in inventories, trade receivables and trade payables

Shareholders' equity per share =

Total equity attributable to equity holders of the parent company
Issue-adjusted number of shares at period end

Return on equity (ROE) =

100 x Profit for the period (12m roll.)
Total equity (average)

Return on investment (ROI) =

100 x (Profit before taxes + interest expenses + net other financial expenses) (12m roll.)
Statement of financial position total - interest-free liabilities (average)

Comparable net sales growth =

Net sales growth excluding foreign currency changes, acquisitions and divestments

In addition to IFRS and alternative performance measures presented above, Huhtamaki may present adjusted performance measures, which are derived from IFRS or alternative performance measures by adding or deducting items affecting comparability (IAC). The adjusted performance measures are used in addition to, but not substituting, the performance measures reported in accordance with IFRS.